

1 appointment book because I don't know.

2 Q. Thank you. And if there was an Annual
3 Meeting of Shareholders, we would like the Minutes,
4 consistent with the Judge's Order. I don't think I
5 asked you for this meeting of October 17, 1990, Exhibit
6 11. Who chaired the meeting?

7 A. According to the Minutes, the meeting was
8 opened by Mike Parker. It does not say he was chairing
9 it so I don't know, but I presume he was because he
10 introduced it.

11 (Whereupon, the Reporter marked Linton 12
12 for identification, Minutes dated November 7, 1990.)

13 BY MR. BECHTEL:

14 Q. Who took the Minutes?

15 A. I believe George Mattmiller would have
16 taken these Minutes.

17 Q. Where did George Mattmiller come from?

18 A. I'm sorry?

19 Q. Where did George Mattmiller come from?

20 A. I think from California.

21 Q. Who brought him?

22 A. Mike Parker.

23 Q. Where has he gone?

24 A. He really -- he's here sometimes and Peoria
25 other times. George is a good guy, very knowledgeable,

1 very conscientious. As you can see going through the
2 Minutes, a lot of times things are reposed in George
3 that you normally would not-- responsibilities were
4 given to him because of that trust that people had for
5 him -- or have for him. He just seems knowledgeable in
6 the TV industry, Gene. That's why we rely on him.

7 (Whereupon, the Reporter marked Linton 13
8 for identification, Minutes dated February 19, 1991.)

9 (Witness reviewed document.)

10 MR. BECHTEL: Exhibit 13 consists of
11 Minutes of the Board meeting held February 19, 1991. On
12 the second page, Mr. Hutton, there are references to
13 Minutes of Directors' meetings held June 6, 1990 and
14 November 7, 1990; that is to say, the Directors' meeting
15 of November 7, 1990. And I request that you determine
16 if, in either one of those Minutes, including
17 attachments referred to in the Minutes, there is
18 anything relevant or consistent with the Judge's Order
19 that we should have and, if so, we would appreciate
20 receiving them.

21 BY MR. BECHTEL:

22 Q. I don't want to get into these tax things
23 in any real degree, but for Dr. Aurandt there was a tax
24 problem that seemed to develop and then grow and became
25 a difficulty that involved some of the corporate

1 transactions and what have you. And I wonder if you
2 would share with me your understanding of the tax
3 problem that is referred to here with regard to back
4 taxes that had not been paid, apparently.

5 A. (Witness reviewed document.)

6 On the bottom of Page 2 you're dealing with
7 Business Privilege Taxes, which are the City of Reading
8 tax. I think it's .0015, and it's shared with the
9 Reading School District. That's what this is referring
10 to. The corporation apparently had not paid that for a
11 substantial period of time.

12 There's another tax problem on the bottom
13 of Page 3 -- I don't know if you're referring to that as
14 well.

15 Q. I am or I was going to.

16 A. Okay. That deals with payroll taxes. The
17 FICA, Social Security, and the Federal withholding
18 taxes, and also the Federal unemployment tax, which can
19 be a personal liability -- that's what the hundred
20 percent penalty is referencing -- that can be assessed
21 against the party, like an officer or director.

22 In this instance my concern -- and you have
23 to understand -- well, you don't have to -- I
24 represented Dr. Aurandt for years. He was the reason I
25 was there. There were times when Rick, Dr. Aurandt,

1 didn't tell me things that later on surfaced when he was
2 in hot water and, you know, he put his hands out;
3 basically, help (indicating). One of these dealt with
4 the withholding taxes when he was -- before Mike
5 Parker's arrival, apparently, they were not paid.

6 I was concerned going forward that the
7 corporation not get into that again. I was also
8 concerned for all the Board members, that none of us
9 have any personal liability. So, in my judgment, it was
10 paramount that these taxes be paid. And when it says
11 there's a potential of a hundred percent penalty
12 assessed against the corporation, that's not accurate;
13 it's against the individuals. The corporation isn't
14 liable for it right away; it's the individuals that it
15 deals with. It's equal to the exact same amount of the
16 trust fund taxes. Does that --

17 Q. That's very useful. Thank you.

18 Next page, there's a reference to a Pehlman
19 contract. To your knowledge, does that have anything to
20 do with programming or transmitters?

21 A. I have no idea. I don't have any
22 recollection of it at all. I see another reason why I
23 was concerned; I had check signing powers.

24 Q. Did Mr. Parker?

25 A. I don't think so but, again, I don't know.

1 Q. On Page 9 there is a Garber property up on
2 Fancy Hill. Is that the one you ultimately acquired?

3 A. No. It's another one that didn't come to
4 fruition. Again, the one that did come to fruition was
5 owned by Dolenti, D-O-L-E-N-T-I, Mr. and Mrs. Dolenti.

6 Q. Where is your digital transmitter operation
7 going to be originated from?

8 A. Don't know yet. It depends on what happens
9 with Fancy Hill. Right now it can be -- I don't --
10 don't -- now you're getting into an area I don't know.
11 But I presume that if the new site doesn't come to
12 fruition, I've been led to believe that the existing
13 tower site can be upgraded, you know, on Mount Penn.
14 But you've just exhausted my knowledge on that issue.

15 Q. That's more than I wanted to know.

16 A. Sorry.

17 Q. But thank you.

18 A. I thought I was answering your question.

19 Q. Page 11 at the very top, Dr. Aurandt asked
20 if anyone from STV had elected to take stock, and Mr.
21 Parker stated they didn't have a choice. Can you
22 explain to me why they didn't have a choice?

23 A. I'd have to look to see what Class F was.
24 It may have been certain creditors had to take stock
25 because it says they all made that election at the

1 meeting, so it may have been that's what they voted to
2 do. I don't know other than that.

3 Q. And do you know if the reference is to
4 California STV or Reading STV?

5 A. Reading STV.

6 Q. Was California STV a creditor of Reading
7 Broadcasting Company?

8 A. Yes.

9 Q. As was Reading STV?

10 A. Yes.

11 Q. Page 14 --

12 A. Yes.

13 Q. -- why, if you know, did Dr. Aurandt agree
14 not to communicate with Ms. Parker or her attorney or
15 anyone connected with her, Mrs. Parker?

16 A. I know. As you've earlier mentioned, there
17 was a strong conflict between the two men. Both men
18 owed taxes or may have owed taxes. Mrs. Parker was
19 seeking support from Mr. Parker; apparently, Dr. Aurandt
20 contacted her or her attorney to go after Mike.

21 Q. That's enough.

22 (Whereupon, the Reporter marked Linton 14
23 for identification, Minutes dated March 4, 1991.)

24 BY MR. BECHTEL:

25 Q. Exhibit 14 consists of the Minutes of the

1 Board of Directors' meeting held March 4, 1991. Do you
2 reckon Mr. Mattmiller prepared these Minutes?

3 A. I'm not sure on some of these at the
4 station if Barbara Williamson wasn't brought in to take
5 them. She was at some of the meetings.

6 Q. Were you Secretary of the corporation at
7 this point in time?

8 A. I believe I was.

9 Q. How would the Minutes get to you for review
10 and signature?

11 A. They would be typed up at the station, or
12 they would be -- in some instances I might have gotten
13 handwritten, and then my office would transcribe it. It
14 wasn't always consistent, and I don't remember which --
15 which was which. Some of the more recent ones, I
16 believe, were done at the station because I kept
17 asking -- I wanted to see them, so I would presume that
18 they were done at the station. But, again, I -- this
19 goes back eight, nine -- over eight years.

20 MR. BECHTEL: Let me have Exhibit 13 a
21 minute.

22 (Discussion was held off the record.)

23 BY MR. BECHTEL:

24 Q. Back on the record. I refer you to Page 2
25 of Exhibit 13 --

9 1 A. (Witness reviewed document.)

2 Q. -- where apparently five Minutes were
3 presented to you as you walked into the meeting. Do you
4 recall that circumstance?

5 A. Not specifically, but it states that that's
6 what occurred, and I also said I'd like to see them
7 before they're approved. Just -- as the meetings got
8 longer and less pro forma it became necessary, I felt,
9 that somebody take the Minutes besides me, and that's
10 what occurred. Basically it was at my request that
11 either -- that somebody take them other than me.

12 Q. Page 8 of Exhibit 14.

13 A. March 4th is 14?

14 Q. Yes.

15 A. I have it then. Page 8?

16 Q. Yes.

17 A. Okay.

18 Q. At the top of the page there is a reference
19 to negotiations with Network Communications regarding
20 building a tower.

21 A. That's correct.

22 Q. Describe your recollection of those
23 negotiations with that company.

24 A. Reading Broadcasting needed approximately
25 \$200,000 to extricate itself from Chapter 11. The -- a

1 deadline apparently was fast approaching for having
2 enough money into the bankruptcy to pay off
3 administrative creditors in order to have an approved
4 plan, at least this is what bankruptcy counsel had
5 indicated.

6 Network Communications was viewed as a
7 means of getting that money; that they would take over
8 the tower on Mount Penn, make a certain payment to the
9 company and enable the company to leave Chapter 11.
10 That was what Network Communications was to do. It went
11 on for a period of time. And I -- at some point in time
12 the owner of Network Communications said he had a bad
13 dream and he withdrew from the transaction; whereupon,
14 we raised the money internally by giving everybody --
15 all the shareholders the opportunity to basically do
16 what Network would have done insofar as acquiring the
17 leasehold interest in the tower site from the City of
18 Reading -- with the City of Reading, rather.

19 There will be different people who will
20 claim credit for the idea of doing it, but it was done.
21 And I believe there are six people who -- of the
22 existing Reading Broadcasting shareholders now, but five
23 at that time because Mike Parker was not a shareholder
24 at that time. But all the shareholders were offered --
25 Partel was not -- but all the shareholders were offered

1 the opportunity to participate.

2 If I remember, the idea, quite frankly, was
3 mine. Dr. Clymer has adopted it as his, and I will not
4 take that away from him if he so desires. It was Irv's
5 idea to offer it -- Irv Cohen's idea to offer it to all
6 the shareholders. For whatever reason, only five opted
7 to participate in acquiring the tower from Reading
8 Broadcasting in exchange for, I think, \$210,000, which
9 was then used to pay off the administrative creditors.

10 But that's the genesis and the conclusion
11 of the Network Communications' issue.

12 Q. Was Mr. Hawley the owner of the Network
13 Communications?

14 A. I'm not sure if he was the owner, but I
15 think he's the one who had the bad dream or the
16 nightmares as -- this was reported to us at a telephone
17 meeting -- from a telephone call, by the way, on an
18 answering machine, something like that.

19 Q. Did you all do any background check on
20 Network Communications?

21 A. I did not. Mike Parker was instrumental in
22 discussing this with them. I don't know if they had the
23 economic wherewithal to do it. I don't know. It was
24 represented to the Board that they did, and that's
25 really all I know.

1 Q. On the same page we're talking about a new
2 Earl Township site. Can you give me a name to put with
3 that, or was that just something that never
4 materialized?

5 A. It would have been -- when was this? 1991?

6 Q. Yep.

7 A. It may have been the beginning of the
8 Dolenti situation, but I can't tell you that without
9 looking.

10 Q. Okay. At Pages 9 and 10 Mr. Zimmerman
11 shows up, and you are quoted as being confused about him
12 being -- becoming involved in the operations of the
13 company. Describe --

14 A. Where are you reading from?

15 Q. I'm sorry?

16 MR. HUTTON: Page 10.

17 THE WITNESS: 10. I'm sorry.

18 BY MR. BECHTEL:

19 Q. You need to read the better part of the
20 whole page.

21 A. (Witness reviewed document.)

22 Okay. I see what I said. Do I remember
23 it? No, I don't. I just -- because it seemed to be --
24 it never materialized.

25 Q. Mr. Zimmerman went away?

10 1 A. To the best of my knowledge, information
2 2 and belief, yes, even though he took up two plus pages.

3 (Whereupon, the Reporter marked Linton 15
4 4 for identification, Minutes dated April 14, 1991.)

5 5 BY MR. BECHTEL:

6 6 Q. Exhibit 15 is Minutes of a Board meeting
7 7 held April 14, 1991. Dr. Aurandt continues no longer to
8 8 be President of the company. Is that correct?

9 9 A. Based upon those earlier Minutes, that's
10 10 correct.

11 11 Q. Did he ever become President again?

12 12 A. Yes. Do you want me to explain that or
13 13 wait until we get to that?

14 14 Q. Why don't you explain it, or I may forget
15 15 to ask you.

16 16 A. Well, he became President again, to my
17 17 recollection, sometime in the fall or very late summer
18 18 of this same year when there were two Boards.

19 19 Q. We will come to that.

20 20 A. I'm sure -- you'd surprise me if you would
21 21 not.

22 22 Q. Go to Page 9.

23 23 A. (Witness reviewed document.)

24 I'm there.

25 25 Q. There are several paragraphs there which

1 discuss back taxes. And my question is, are we talking
2 about the payroll tax matter that you previously
3 described?

4 A. I believe so, although -- no. This may be
5 real estate taxes. The taxes were either payroll, the
6 941's, the business privilege tax, or real estate taxes
7 for the corporate offices, studios on 11th Street, but I
8 can't identify it any more for you, Gene, without seeing
9 what it was.

10 Q. Page 10.

11 A. Yes.

12 Q. Did you, in fact, lobby for the must-carry
13 provision for local stations, to which reference is made
14 about halfway down the page?

15 A. I see it. Probably not. I was at tax
16 meetings and I was lobbying for my pet thing, to repeal
17 the Federal, State and Gift tax.

18 Q. Page 11, very last line, this is one
19 reference to the matter I raised earlier this morning,
20 and that is to say that the bank did get a piece or an
21 option to take a piece of the action, but it was through
22 Mr. -- Partel, Inc.'s 25 percent?

23 A. No.

24 Q. Okay.

25 A. That was one of the disputes between Dr.

1 Aurandt and Mike Parker, as to whether it came out of
2 Partel's interest when the company came out of
3 bankruptcy, or was it in addition to the Partel
4 interest.

5 If I recall correctly, after -- when we had
6 the settlement, which would have been sometime in 1992,
7 it was resolved that it came out of the company, not out
8 of Partel. And I think all offering statements
9 thereafter -- although Partel would get the warrant, it
10 was subject to being acquired by then Meridian,
11 CoreStates, First Union, whichever they were, but not
12 out of his 25 percent. I don't think Dr. Aurandt, to
13 this day, believes that was fair even though that's what
14 he agreed to.

15 Q. That's what you testified earlier, and I
16 just misquoted your previous testimony. Thank you.

17 A. I don't remember what I said earlier.

18 Q. Earlier this morning you said, no, it was
19 not out of Parker's and I kept, in my head, thinking it
20 was.

21 A. Well, there was a dispute on it so your
22 thinking was not totally out of line. You should be
23 sitting over there with Dr. Aurandt next to you.

24 Q. Page 13, top of the page, did anything ever
25 happen pertaining to a liaison with CNN for news, if you

1 know?

2 A. I don't know. One comment.

3 Q. Please.

4 A. There was so much going on, as you can
5 tell. Mike was constantly under attack by the Board
6 members. He would try to throw in positive things
7 during negative discussions to say, Hey, I am doing;
8 here's what I'm doing. And many times they were
9 accurate but they were not the focal point; that's why
10 they have very brief lines.

11 The Board itself, quite frankly -- I don't
12 know if you're aware of it -- but Dr. Fischer was Dr.
13 Aurandt's best friend. Dr. Clymer, in a sense, was Dr.
14 Aurandt's mentor but that didn't last when the
15 investment started to go bad, so to speak. So that was
16 the makeup of the Board. And sometimes you didn't know
17 who was where. In fact, a lot of times you didn't know
18 who was where, including me.

19 Q. What is the status of your efforts to get
20 local approval to go on Fancy Hill?

21 A. We are waiting for Judge Stallone's
22 opinion -- I guess decision first; then opinion attached
23 to that decision.

24 Q. Do you have a prognosis as to whether
25 you're going to win that one or not?

11

12

1 A. The prognosis is guarded. I really don't
2 know. As you well know, when you're very much involved
3 in something it's -- sometimes you don't see the forest
4 for the trees. So I'll wait to see what -- obviously,
5 we feel we're correct, otherwise, we wouldn't have
6 pursued it, but I will wait to see what Judge Stallone
7 decides.

8 Q. When the administrative creditors -- if
9 that's what you call them -- joined the tower company,
10 formed the tower company --

11 A. No, that's not what I said.

12 Q. I'm sorry?

13 A. That's not accurate, what you just said.
14 The administrative creditors didn't form the tower
15 company.

16 Q. Who formed the tower company?

17 A. The tower company was formed by Jack
18 Linton, Bob Clymer, Irv Cohen, Roger Longenecker, Bernie
19 Gerber and Mike Parker. They put money into the company
20 in order to pay administrative creditors because that's
21 what Marvin Mercer and the bankruptcy law firm said was
22 necessary to bring Reading Broadcasting out of
23 bankruptcy. That's the genesis of SOT, Inc. SOT's an
24 acronym for Save Our Tower.

25 So the administrative creditors got money

1 from RBI, I guess. I'm not sure how that happened. We
2 put money in, you know, coin of the realm, except for
3 Mike, into the coffers of SOT. SOT then gave Reading
4 Broadcasting \$185,000, and that's what was used, to my
5 knowledge, to pay off the administrative creditors or to
6 satisfy the plan with respect to administrative
7 creditors. And there was so many amendments to the
8 plan, the fourth -- sixth amendment to the fourth plan
9 or whatever it was; that's bankruptcy stuff -- that
10 that's how the company got out of bankruptcy.

11 Q. And this is the approximately \$200,000 that
12 you talked about earlier this morning --

13 A. That's correct. Yes.

14 Q. -- that had to be put up --

15 A. Yes.

16 Q. -- and there was a deadline?

17 A. Yes.

18 Q. Okay. I didn't phrase my question very
19 carefully or accurately. I was trying to refer to that
20 particular event. And everyone you mentioned as being
21 investors in Save Our Tower put up cash money arriving
22 at a kitty of 185,000?

23 A. For the 185, yes, that's correct.

24 Q. Except Partel?

25 A. That's correct.

1 Q. And Mike won that Indian wrestle, didn't
2 he? He didn't have to put any money in?

3 A. It wasn't really an Indian wrestle. It was
4 a question of whether or not he had contributed enough
5 services for which he hadn't paid for to count as --
6 hadn't been paid for to count as his contribution, and
7 collectively we agreed.

8 Q. The same thing was true of you and the
9 other administrative creditors, was it not?

10 A. No. But then I was an administrative
11 creditor, my firm was. We did get some real money out
12 of that, you know, when it got out of bankruptcy. None
13 of the others were administrative creditors, neither
14 Gerber, nor Longenecker, nor Clymer, nor Irv Cohen, and
15 everybody was aware of what was going on going in.

16 Frankly, we wanted Parker's involvement.
17 I'm not sure we wanted it to the tune of basically
18 \$25,000 of no money, but he was knowledgeable in the
19 industry, and he is. And that was a -- you have two
20 lawyers, two doctors, and a very successful businessman
21 but who's not familiar with the communications. That
22 was how we agreed to do it.

23 MR. BECHTEL: Mr. Cole advises me that
24 there are Minutes of the Board of Directors dated June
25 3, 1991 and perhaps June 4, 1991, or it may be one and

1 the same, having information regarding sites, so we
2 would like those Minutes.

3 (Whereupon, the Reporter marked Linton 16
4 for identification, Minutes dated June 25, 1991.)

5 BY MR. BECHTEL:

6 Q. Exhibit 16 consists of Minutes of a Meeting
7 of the Stockholders held June 25, 1991.

8 Page 2, the Ed Brill deal, is that someone
9 who was kicking tires about buying the station that did
10 not materialize, or do you recall?

11 A. I think Ed Brill was an agent, Brill
12 Ventures or something. They were hired to -- or
13 retained a number of years probably before this -- but
14 at some point to try to market the station.

15 (Whereupon, the Reporter marked Linton 17
16 for identification, Minutes dated July 22, 1991.)

17 MR. BECHTEL: Exhibit 17 consists of
18 Minutes of a Board of Directors' meeting held July 22,
19 1991. I have no questions regarding this exhibit.

20 (Whereupon, the Reporter marked Linton 18
21 for identification, Minutes dated July 25, 1991.)

22 MR. BECHTEL: Exhibit 18 consists of the
23 Minutes of a Board meeting held July 25, 1991. I have
24 no questions concerning that.

25 (Whereupon, the Reporter marked Linton 19

1 for identification, Minutes dated July 31, 1991.)

2 MR. BECHTEL: Exhibit 19 consists of
3 Minutes of a Directors' meeting held July 31, 1991. I
4 have no questions concerning that exhibit.

5 THE WITNESS: May I make a comment for
6 clarification?

7 MR. BECHTEL: Please.

8 THE WITNESS: H. Marvin Mercer, the
9 previous firm was Astor, Weiss & Newman. In the more
10 recent Minutes he changed firms to Krusen, Evans &
11 Byrne, but still being bankruptcy counsel. Just so
12 there's a -- earlier I said Astor, Weiss & Newman. That
13 was his old firm.

14 BY MR. BECHTEL:

15 Q. Mr. Mercer had other dealings with Mr.
16 Parker other than Reading Broadcasting, did he not?

17 A. I believe so, but I don't know of firsthand
18 knowledge of that. But I think if they did they derived
19 from Astor, Weiss & Newman, from where Marvin came from,
20 so it would have been after we were in bankruptcy and
21 after Mike met Marvin. Too many M's, Mike met Marvin.
22 It wasn't, to my knowledge, a long previous association.

23 MR. BECHTEL: This is not an exhibit. I
24 have Page 13 of Minutes of a Directors' meeting held
25 August 14, 1991, and I do not appear to have the balance

1 of those Minutes. And since the Minutes were obviously
2 very lengthy and during a time frame where we are
3 receiving lengthy Minutes which do have relevant
4 materials in them, I request on the record that Reading
5 Broadcasting check those Minutes again and see if they
6 should be furnished to us consistent with the Judge's
7 Order. Let's take a break.

8 (Lunch recess was taken.)

9 (Whereupon, the Reporter marked the
10 following exhibits for identification: Linton 20,
11 Minutes dated 10/30/91; Linton 21, Minutes dated
12 December 30, 1991; Linton 22, Stenographic Report of
13 Meeting held February 4, 1992; Linton 23, Minutes dated
14 June 1, 1992; Linton 24, Minutes dated August 7, 1992;
15 Linton 25, Minutes of Shareholders' Meeting dated
16 February 1, 1994; Linton 26, Minutes of the Board of
17 Directors dated February 1, 1994; and Linton 27, Minutes
18 dated May 19, 1994.)

19 AFTER LUNCH RECESS

20 BY MR. BECHTEL:

21 Q. We have marked as Exhibit No. 20 the
22 Minutes of a Shareholders' meeting dated October 30,
23 1991. On Page 2 Mr. Parker, at the outset, said he had
24 enough shares to legally call this meeting.

25 Do you know how many shares was needed to

1 legally call this meeting or how many percentage or
2 whatever?

3 A. I believe the bylaws say anybody
4 representing 20 percent of the stock could call a
5 meeting, the bylaws which you don't have and I don't
6 have committed to memory, but I believe that's what they
7 say.

8 Q. At the bottom of Page 2, Mr. Schlegel
9 stated that the certificates were allocated to sway the
10 voters, by Partel, Inc., against the former corporation.

11 What is your recall of the circumstances
12 under which you made that argument or statement of
13 position?

14 A. I believe that this refers to the fact that
15 certain shares were not issued to Dr. Aurandt, more than
16 anything else, thus keeping those shares out of the
17 ability to vote.

18 There was another issue as far as any of
19 the shares being issued, and I don't remember if it was
20 at this time -- September 14th was a key date dealing
21 with the plan of reorganization, and I didn't understand
22 it. It dealt with bankruptcy.

23 Marvin Mercer was the corporation's
24 bankruptcy counsel. Tony Distasio -- his name's spelled
25 wrong -- was then an associate with Mr. Schlegel; he's

13

14

1 now my partner, by the way -- is a bankruptcy attorney.
2 So something happened and they felt in mid-September
3 there were no validly-issued shares. So that may have
4 been part of the equation, that plus certain stock like
5 for Dr. Aurandt's pension plan had not been issued.
6 Certain stock was in dispute -- and probably rightfully
7 so, in retrospect -- as to whether it should have been
8 issued to Dr. Aurandt alone or Dr. and Mrs. Aurandt.
9 That, I think, is what this refers to.

10 Q. On Page 3 there is reference to a meeting
11 on September 14, 1991 at which Mrs. Aurandt was elected
12 to the Board. Are you familiar with that meeting?

13 A. Yes.

14 Q. What was it a meeting of?

15 A. Well, depending on which side you're on,
16 Board No. 1 or Board No. 2.

17 Q. This was a Board meeting?

18 A. Yes, or it might have been a Shareholders'
19 meeting.

20 Q. I'm sorry?

21 A. It may have been a Shareholders' meeting of
22 the last -- it was a Shareholders' meeting, and it was
23 just before that drop-dead date when there would be no
24 valid shares, according to my recollection. And there
25 were notices sent out and proxies, and this was a time

1 where everybody was sending papers all over the place.

2 Q. I'm not trapping you. On Page 29 Mr.
3 Bowers called it a meeting -- a Shareholders' meeting.

4 A. I think that's correct. I think that's
5 what it was. Now, I'm -- and probably then followed by
6 a Directors' meeting to elect officers, but I'm not
7 sure. I'd have to look through these documents.

8 Q. Were Minutes taken of that meeting, the
9 September 14th Shareholders' meeting?

10 A. I don't recall whether they were or were
11 not. They may have just been Mr. Schlegel's or Mr.
12 Distasio's notes at that time, but I don't really
13 remember. I don't remember having seen them, but they
14 may be. I don't know if any of you have seen them. I
15 don't remember having seen them, quite frankly.

16 MR. BECHTEL: My request is of Reading
17 Broadcasting Company; that if Minutes were prepared of
18 the Stockholders' meeting of September 14, 1991, we
19 request those; and if there was a Board meeting on the
20 same date and Minutes were taken of that meeting, we
21 request those, assuming they come within the Judge's
22 Order, and I find it difficult to believe that they
23 wouldn't. But, in any event, we make that request.

24 Going still on Page 2 of Exhibit 20, we
25 request a copy of Exhibit B to the Minutes referred to

1 on Page 3.

2 MR. HUTTON: Where is that?

3 THE WITNESS: It's this one (indicating).
4 I think they may already have that because I have seen
5 it on papers that were provided to you, Gene. Isn't
6 that the Mercer opinion?

7 BY MR. BECHTEL:

8 Q. What I'm looking at on Page 3 is halfway
9 down: Mike Parker discussed Exhibit B, please see
10 attached. This entails an explanation of the validity
11 of the shares issued.

12 A. And I believe that was -- I've seen that in
13 some documents that had been, I thought, provided to
14 you. To my knowledge, that was the Mercer opinion
15 regarding the bankruptcy.

16 Q. That's not ringing a bell with me, but
17 I'm --

18 A. It may not. I may be wrong. I may have
19 seen it, but you may not have it, but I think that's
20 what this is referring to.

21 Q. In any event, our position is that any
22 document that is attached as an exhibit to the Minutes
23 should be provided to us.

24 Go back to Page 1 for just a second of
25 Exhibit 20.

1 A. I'm there.

2 Q. To your knowledge, when did Mr. Busby
3 acquire stock in Reading Broadcasting Company?

4 A. The stock or the right -- the actual
5 certificate or the right to it?

6 Q. Let's start with the right to it.

7 A. Probably sometime prior to this meeting.
8 May I give you the background?

9 Q. That's my next question. Please do.

10 A. Busby, Massey, Pavloff -- and there may
11 have been two Pavloffs or two Masseys or something like
12 that -- these were friends of Dr. Aurandt who back in
13 the early '80s -- they used to all vacation together in
14 Hilton Head, and they talked about Reading Broadcasting.
15 Reading Broadcasting had financial problems.

16 Dr. Aurandt, unbeknownst to me, issued --
17 got money from these people by notes. These notes were
18 then supposedly convertible to stock, or they
19 represented a debt. I'm not sure which. And anyhow, as
20 the years passed, Busby, Massey, et al, never got
21 anything. They probably -- from what I understand now
22 and then, Rick would make them promises. The
23 promises -- Rick being Dr. Aurandt -- wouldn't come to
24 fruition.

25 Eventually they sued him under these

1 documents. They got a judgment in Federal District
2 Court. The Marshall -- and Joe Hetrick, I believe, from
3 Deckert, Price & Rhoads represented them, and they
4 levied upon the stock. I don't think Reading
5 Broadcasting delivered it, as it was supposed to do,
6 because there was a question of whose stock it was.

7 And Dr. Aurandt's stock -- and I don't
8 remember specifically, but it would have been some Dr.
9 and Mrs. Aurandt, some Dr. Aurandt's corporation, Henry
10 N. Aurandt, M.D., P.C., and some of Dr. Aurandt's
11 retirement plan, Henry N. Aurandt, M.D., P.C., probably
12 the profit sharing plan because I don't think -- I think
13 there was only one contribution made to the pension
14 plan, or I may have it reversed; it may have just been
15 to the money purchase pension plan.

16 Rick didn't want his stock given so he --
17 that's what a lot of this was about, that and his
18 founder's stock. What was he truly entitled to? But
19 Busby and the two Pavloffs -- yeah, there you are --
20 it's Paul Pavloff and Stella Pavloff; I think these are
21 Dr. Aurandt's sister and brother-in-law -- they got
22 their stock through this garnishment issued by a Federal
23 Marshall. And I think all we didn't do -- when I say
24 we, Reading Broadcasting -- was deliver it to the
25 Federal Marshall when we perhaps should have.

1 I think finally at the settlement sometime
2 in 1992 the actual certificates may have been prepared,
3 but I don't specifically recall that. But that's the
4 chronology.

5 Q. Well, it's true, is it not, that as of
6 September 14, 1991, while the old grid of Stockholders
7 was in its penultimate day, neither Mr. Busby, nor Mr.
8 Massey, nor neither of the Pasloffs [sic] --

9 A. Pavloffs.

10 Q. -- had stock for which they could give a
11 proxy?

12 A. That may or may not be accurate. What I'm
13 saying is, if Reading Broadcasting was stonewalling the
14 Federal Marshall, we may have been legally obligated to
15 have transferred that stock to the Marshall in
16 satisfaction of the judgment.

17 I think at that time and before that Mike
18 Parker was trying to, to some extent, placate Dr.
19 Aurandt 'cause Dr. Aurandt was biting at his heels
20 almost daily on a variety of things, basically expenses,
21 and their different management styles.

22 I'd really have to look at the garnishment
23 to tell you whether the answer to your question is
24 correct or the way you posited it is correct. I don't
25 know when the garnishment was served.

1 Q. In your experience, prior to this meeting
2 had Mr. Busby, Mr. Massey or either of the Pavloffs
3 appeared at a Stockholders' meeting or asserted a claim
4 as being Stockholders of record?

5 A. The only one that would be, possibly, may
6 have been the August Stockholders' meeting, if there was
7 one, you know, within that immediate three or four
8 month period preceding that because my memory is that
9 the garnishment came somewhere in the summer of 1991,
10 but I could be wrong on that, Gene. I just don't know
11 offhand.

12 I know Hetrick was really on my case to say
13 he was entitled to that stock -- that they were
14 entitled. But, again, I -- August seems to be in my
15 memory, but I can't tell you specifically whether that's
16 right or not. I'd have to look through the file to see
17 when that garnishment was, and I don't know who has it.

18 Q. Now, you mentioned August. There was no
19 Stockholders' meeting in August. There was one in
20 September. Is that the meeting you're talking about --

21 A. No.

22 Q. -- or are you talking about earlier?

23 A. I'm talking about earlier. And I don't
24 know -- see, I know Hetrick was asserting it, Joe
25 Hetrick, but I don't know if there was any meetings

1 where the individuals did any assertions unless there
2 was a Shareholders' meeting in, like, June, July or
3 August of 1991. And if there was, I don't remember it
4 specifically. I'd have to relook at the garnishment and
5 then try to use that as a benchmark.

6 Q. I would appreciate if you would do that.

7 A. I can certainly do that.

8 Q. Now, with regard to the proxies to Mr.
9 Parker from these four people referred to on Page 1 of
10 Exhibit 20, did either you or Mr. Schlegel examine the
11 proxies to determine how many shares were involved, how
12 many votes were involved, any such examination?

13 A. I did not. Mr. Schlegel or Mr. Distasio
14 may have.

15 Q. Now, STV of --

16 A. -- of Reading, Inc. Yes.

17 Q. Were you an investor in STV of Reading?

18 A. No.

19 Q. Were you counsel for the company?

20 A. I did legal work for the company. I don't
21 think I'd call myself counsel for the company.

22 Q. Who was President of the company?

23 A. When? I don't mean to be offensive.

24 Q. You're absolutely right. Who was President
25 of the company --

1 A. Initially?

2 Q. -- initially? Thank you.

3 A. To my knowledge, initially Dr. Aurandt was
4 everything. I didn't want to invest in it. He asked.
5 I didn't want to.

6 Q. This is the company that had the decoders
7 for the soft porn?

8 A. That's correct. The boxes that didn't
9 work. And that's -- my definition is soft porn. It may
10 have been harder porn than --

11 MR. BECHTEL: Off the record.

12 (Discussion was held off the record.)

13 BY MR. BECHTEL:

14 Q. Do you know the circumstances under which
15 Mr. Parker arrived at this meeting with the proxy of STV
16 Reading?

17 A. I'd have to look at something, but I
18 presume he got it from Massey, Harvey Massey, Pavloff
19 and Busby 'cause they had acquired, I think, like 9.9
20 percent of the stock of STV of Reading. But there was a
21 dispute whether that was 9.9 or all of it. And in my
22 judgment at that time, because I represented Dr. Aurandt
23 and his interest and my loyalties were to him, it was
24 9.9.

25 Whether the stock had actually been issued,

1 I think there was a hundred shares issued, but that's
2 been a subject matter of confusion over the last ten
3 years, nine, whatever the amount of years were. I don't
4 really remember specifically, but that's how he got it.

5 And then I guess -- I know Mike claimed he
6 was President at that time through the election of
7 Massey, et al. And then very shortly thereafter he
8 resigned because I didn't think he wanted the
9 responsibility of STV, and I can't blame him because I
10 don't think anybody knew what STV really was at that
11 point in time other than a creditor of RBI. And I
12 believe they got 19,000 shares of RBI, so that's how STV
13 would have been able to vote at an RBI meeting.

14 Q. Now, do you have knowledge of the
15 circumstances under which Mr. Parker arrived at this
16 meeting with proxies to vote the STV Corporation stock
17 and the proxies to vote the stock of Messrs. Busby,
18 Massey, Pavloff and Pavloff?

19 A. Other than that they had given him the
20 proxies. Again, repeating myself, Busby, Massey and the
21 two Pavloffs would have been -- as a result of their
22 position that they owned the RBI stock through the
23 garnishment, he would have been able to vote the STV
24 stock if they owned the stock of STV through the same
25 garnishment, which they claimed that they did at that

1 time.

2 So that would have been the basis for Mike
3 Parker claiming the authority to vote them. Our
4 position was nobody had the right to vote any stock
5 because of September 14th. Also, with respect to the
6 STV stock itself, there was a dispute whether they had
7 9. -- and don't hold me to it; it might have been 9.89
8 or something of the STV stock -- therefore, that's all
9 they could have voted.

10 In other words, they couldn't issue the
11 proxy. Their position was that they could. When I say
12 they, Parker, Hetrick who represented Massey, et al.,
13 as I understand it.

14 Q. And I will try that question a different
15 way. Were you surprised at the meeting when Mr. Parker
16 showed up with these proxies that gave him the clout
17 that he had?

18 MR. HUTTON: I'm going to object to the
19 form of the question. The term clout, I think, may lack
20 a foundation.

21 BY MR. BECHTEL:

22 Q. The apparent clout.

23 A. I don't think I really was because it
24 didn't make any difference anyway. He had more than
25 enough. Most of the Aurandt supporters had fallen by

16

1 the wayside between the two meetings. See, Dr. Aurandt
2 had obtained a lot of proxies for the September 14th
3 meeting based upon his view of what was happening at
4 Reading Broadcasting. Thereafter, Mike solicited a lot
5 of proxies in accordance with his view.

17

6 And I believe, if you look at the list,
7 that Mike's view prevailed so it probably wouldn't have
8 made any difference. Just so you're aware of it, Dave
9 Hyman and Caroline Hyman, that's his daughter; he was
10 one of the original Shareholders of Reading
11 Broadcasting. And they had all become disenchanted with
12 Dr. Aurandt, particularly Dr. Clymer who, as you can see
13 going through the Minutes, there were times he loved
14 Mike; there were times he hated Mike. But a lot of
15 these doctors were his good friends, and they relied
16 very heavily on Dr. Clymer's judgment because he's a
17 very knowledgeable man, sometimes too knowledgeable, but
18 that....

19 Q. I appreciate your patience because I'm --
20 a couple more questions and I think we got this done.

21 A. As much as you want. That's why I'm here,
22 I guess.

23 Q. If you go to the bottom of Page 3 of the
24 Minutes --

25 A. Yes.

1 Q. -- here you seem to be talking about Mr.
2 Parker having, quote, issued stock.

3 A. Where are you referring to?

4 Q. (Indicating.)

5 A. Um-hum.

6 Q. What were you talking about?

7 A. I was the Secretary of the corporation. I
8 had the stock book; that's what I was talking about. I
9 was saying, how can you do that? And then subsequently
10 Mike produced an opinion of Marvin's based upon the
11 bankruptcy reorganization and something that we had all
12 stipulated to; that any officer of RBI could issue it.
13 But I had the seal, I was Secretary, and I was
14 representing Dr. Aurandt so I wanted Dr. Aurandt to get
15 what he was entitled to.

16 Q. Were you talking about stock that was
17 issued on or before the 14th of September, or were you
18 talking about stock that was issued following September
19 17th or whatever the magical time was when the
20 corporation could issue new stock?

21 A. Probably before. There was a major --
22 obviously, I can't remember specifically --

23 Q. I understand.

24 A. -- but there was an issue between the
25 corporation and Dr. Aurandt in two areas -- maybe three.